

PROPOSED AMENDMENTS TO THE FUTURES TRADING RULES

CHAPTER 7: OVERVIEW OF ADVERSE EVENTS, RULE VIOLATION AND DISCIPLINARY ACTION**7.1 Adverse Events and Rule Violations**

7.1.1 The Exchange may exercise any of the powers set forth in Rule 7.3 if any of the following events occur, which adversely impacts on a Member, Approved Trader or Registered Representative's ability to meet its obligations under this Rules (collectively, "Adverse Events"):

- (a) an Emergency;
- (b) a Delivery Default;
- (c) Force Majeure;
- (d) the Clearing House declares an event of default against a Clearing Member as contemplated in Rule ~~7.03.2.1~~ [7A.06.5.1](#) of the Clearing Rules;
- (e) a Member, Approved Trader or Registered Representative is charged before a disciplinary body in any other exchange or regulated market or charged in any court of law in relation to market misconduct;
- (f) a Member, Approved Trader or Registered Representative who trades in non-Exchange instruments such as over-the-counter instruments, foreign exchange instruments or other instruments, whether onshore or offshore, suffers an adverse event which impacts on the Member's ability to meet its financial obligations to the Exchange; or
- (g) any other event which, in the Exchange's opinion, materially impacts or is likely to materially impact on a Member, Approved Trader or Registered Representative's ability to meet its obligations under this Rules.

7.3 Exchange's Powers upon Occurrence of Adverse Events**7.3.6 Call on Trading Member's Letter of Credit**

If a Trading Member's act or omission results in a Clearing Member defaulting under Rule ~~7.03.2.1~~ [7A.06.5.1](#) of the Clearing Rules, the Exchange or the Clearing House, as the case may be, reserves the right to call on any of the Qualifying Letters of Credit posted by the Trading Member to meet its Financial Resources requirements set forth in Rule 2.5, and apply the proceeds toward the discharge of liabilities incurred by the Clearing Member to the Clearing House.